

TESTIMONY ON THE FY 2021 COUNTY BUDGET
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Thank you for the opportunity to testify on the County's proposed FY 2021 budget. This budget reflects a 2.08 percent increase over FY 2020 at a time when the county and the country have been turned upside down by the deadly corona virus. Montgomery County has one of the highest number of confirmed cases in the State, and unfortunately the most deaths from this horrible disease, something no one envisioned six months ago when this budget was being formulated.

Our already lackluster economy has taken a nosedive. Many businesses are struggling and many won't survive. Families are financially stressed, students are missing school, and churches are shuttered. County citizens have stepped up to the challenge of social distancing and working from home where possible, but many are out of work and trying to make ends meet. Even if the virus ended tomorrow, which it won't, its effects will last well beyond this year. The budget needs to be scrapped and serious cost cutting measures, including a hiring and pay freeze, put in place while the full scope of the economic disaster can be evaluated.

Even if the corona virus had not occurred, this budget proposal is unsustainable in the out years. The increased costs contained in the 2021 budget proposal will continue to grow out of control exponentially if not stopped now. The pay raises proposed in the contract with the Municipal and County Government Employees' Organization show a fiscal impact in 2021 of \$14.4 million, but will rise sharply to \$19.9 million, a 38% increase annually beyond FY 21. The costs in the firefighters' and police contracts contain similar double-digit increases in out years, since the costs reflected in the 2021 budget proposal take effect mid-year and don't reflect the full annual cost. Total county government FTEs are projected to *increase* 1.7 percent in FY 2021 compared to a projected *population decrease* of 0.8 percent (Schedule F-3, page 81-7). It makes no sense to increase government employees when the population is projected to decrease.

While we appreciate the work of our county employees, giving pay raises of 4.5 percent to 8.25 percent in 2021 on top of a 7 percent pay raise last year is inappropriate. These figures are based on an analysis by the Montgomery County Taxpayers' League. The Montgomery County Office of Legislative Oversight found salaries here are already considerably higher than similar neighboring jurisdictions and the Federal government. Asking county taxpayers who are watching their finances crumble to pay for outsized salary increases for county government employees is unsustainable, unreasonable, and unfair.

The budget's request for a 3.1 cent supplemental property tax to fund schools without any corresponding performance metrics will do nothing to raise declining performance in our schools. It will, however, continue to make it harder for millenials, seniors and others to afford homes in the county. The council and

executive talk about the importance of affordable housing, yet the imposition of impact fees, recordation fees, and property tax increases continues to push the cost of buying a home out of the reach of many residents. The high cost of housing, for home-buyers and renters, is one of the reasons so many people are leaving the county and so many businesses refuse to locate here as evidenced by the fact that revenue from income tax in 2021 was projected to decline 1.4 percent from the FY20 estimate before COVID-19 hit. The State Comptroller is now projecting a 20 percent or more decrease in income tax as a result of the virus. It is time for the County to brace for a dramatic decline in revenues and start tightening its belt. Any other action is irresponsible.

On a positive note, I was happy to see a proposed increase in the Inspector General's staff from 6 to 12. They will be needed to provide more oversight to county finances and programs to make sure funds are used appropriately and efficiently. Their oversight will be particularly important to ensure that the \$134 million that County has been allocated under the Federal CARE act, as well as future FEMA disaster funds for unexpected costs associated with the COVID-19 pandemic, are spent appropriately. However, I question why the county council needs five additional full time and three part-time staff and why the county executive's office needs two additional full-time staff. Certainly, county residents would be better served if the individual council members shared staff resources. Why each member has to have their own newsletter, for example, seems redundant and wasteful. Interestingly, the County Executive's staff shows a 2.3 percent decrease in FTE's even with two additional full-time staff and the same number of part-time staff. How can adding staff result in lower FTEs?

In summary, I urge the Council to take a page out of the Governor's playbook and institute a hiring and pay freeze and put the brakes on new programs until after the full impact of the current COVID-19 pandemic has been evaluated. Focus on providing basic services and protecting the health and economy of county residents. Thank you.